

EXECUTIVE SUMMARY

PURPOSE

This inspection describes states' experiences in utilizing funds available for Special Needs Adoption (SNA) nonrecurring costs.

BACKGROUND

The Foster Care and Adoption Assistance programs, authorized under Title IV-E of the Social Security Act, provide care for children who need placement outside their homes. Assistance is available for children with special needs who cannot be returned to their homes and who have had difficulties being adopted. Adopting parents of special needs children may receive monthly assistance payments which vary among states.

Adopting parents may also receive reimbursement for one-time nonrecurring costs of special needs adoptions. These nonrecurring costs include adoption fees, court costs, attorney fees and other expenses which are directly related to the legal adoption of special needs children. States must report their use of SNA nonrecurring funds on Federal Form IV-E-12, but are not required to separate these expenses from normal administrative costs. This study was requested by the Administration for Children and Families (ACF) out of a concern that state adoption agencies may not be fully utilizing the nonrecurring costs provision of the Social Security Act.

This examination of the use of nonrecurring costs in facilitating special needs adoptions was based on mail surveys completed by state officials knowledgeable about their State's adoption practices. To supplement our surveys and to clarify key issues, we conducted telephone interviews with a number of the state respondents. However, we did not talk to adoption agency staff, case workers, or adopting parents. Forty-two state respondents returned surveys, although not all responded to every question. We also reviewed relevant policy documents and met with officials in the ACF.

FINDINGS

Most States Utilize Special Needs Adoption Nonrecurring Funds, however this is Not Always Reflected on their Federal Reporting Forms.

Nonrecurring SNA cost reimbursements were not always captured on Form IV-E-12. Most discrepancies in the amount of reimbursements recorded and the amount actually spent were due to state payment systems not separating SNA nonrecurring costs from normal administrative costs.

At least 17 percent more funds were spent than were reported as SNA nonrecurring costs. An additional \$924,185 was spent in FY1994 that was not originally reported on the Form IV-E-12 reports as SNA nonrecurring costs.

Four states reported not using Federal matching funds for special needs adoption nonrecurring costs.

Due to changes in the new reporting system, there will no longer be any Federal accounting of SNA nonrecurring costs beginning in FY1996.

Most States Authorize Reimbursements for Nonrecurring Costs up to the Federal Maximum of \$2,000 per Adoption.

When states set reimbursement levels below the \$2000 limit this was most often due to state budget constraints or because the actual costs per adoptive family were typically much lower. In many states, expenses such as court costs and attorney fees were covered through other state programs.

Most States Were Not Proactive in Informing Parents that their Nonrecurring SNA Costs Could be Reimbursed.

Outreach strategies were primarily informal, with few states evaluating the effectiveness of their outreach efforts.

State Respondents Judged Reimbursement of Nonrecurring Costs Helpful in Facilitating Special Needs Adoptions.

Respondents believed that reimbursement eliminated some financial barriers which may have delayed or prohibited adoptions, thereby expanding the pool of adoptive parents to include more lower and middle income families.

Respondents Suggested Allowing a Tax Credit for Adoptive Families or Paying Service Providers Directly to Improve the Efficiency of Nonrecurring Costs Disbursement.